

Business Returns



Business Returns *continued*



► Form 940/941

Effective November 14, 2006, the IRS will discontinue accepting electronic transmissions in the Electronic Data Interchange (EDI) and Proprietary formats for Form 940, *Employer's Annual Federal Unemployment (FUTA) Tax Return*, and Form 941, *Employer's QUARTERLY Federal Tax Return*. Participants currently using the EDI and Proprietary formats can continue transmitting Forms 941 through the third quarter filing period which ends November 13, 2006. IRS will continue to support the XML format.

► Form 944

Form 944, *Employer's ANNUAL Federal Tax Return*, is new for processing year 2007.

Note: You are automatically authorized to originate and/or transmit Form 944 if you previously selected Form 940 or 941 on your approved e-file application.

► Form 1065 Changes

- New Line J (Checkbox) added to Form 1065 re: Schedule M-3, *Net Income (Loss) Reconciliation for Certain Partnerships*
- New three page Schedule M-3 (Form 1065) will be accepted electronically with the partnership return

Business Returns
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► Form 1041 – Alternative Signature Method (*Proposed*)

The Practitioner PIN Method is being considered as an alternative signature method for Form 1041 e-file. If approved, a new signature authorization form will be available for use. The fiduciary will indicate on the form whether they will enter the PIN themselves or authorize the ERO to enter the PIN on behalf of the fiduciary.

Form 8453-F, *U.S. Estate or Trust Income Tax Declaration and Signature for Electronic Filing*, is the current signature document used for the Form 1041 e-file program.

► Additional Business Forms

Form 1120/1120S and Form 990 series information is included in Publication 4457, *Business e-file and e-pay Options Tax Product Suite*.

► **NOTE:** The information contained in this brochure is subject to change. Refer to irs.gov for updates.



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Individual Returns



► New Forms for 2007

Form 8900 – *Qualified Railroad Track Maintenance Credit*

Form 8906 – *Distilled Spirits Credit*

Form 8907 – *Nonconventional Source Fuel Credit*

Form 8908 – *Energy Efficient Home Credit*

Form 8910 – *Alternative Motor Vehicle Credit*

Form 8911 – *Alternative Fuel Vehicle Refueling Property Credit*

Form 8912 – *Clean Renewable Energy Bond Credit*

**Additional forms are pending.*

► Form 1040 Series Changes

Some of the TY 2006 changes are: The Deduction for Educator Expenses will expire and the line will be replaced with the Archer MSA Deduction on Form 1040, and replaced with Penalty on Early Withdrawal of Savings on Form 1040A. The Tuition and Fees deduction will expire and the line will be replaced with Jury Duty Pay for Form 1040/1040A. Several of the business credits that were previously reported on Form 1040 will be reported on Form 3800. The Adoption Credit has moved to a different line on Form 1040 and was deleted from Form 1040A.

► PATS Changes

PATS Testing begins November 9, 2006. Ten (10) to fifteen (15) PATS test scenarios will be provided by the IRS for the most commonly used forms. Software Developers will be required to pass these test scenarios before developing their own scenarios.

► Federal/State

West Virginia has elected to mandate individual e-filing for Practitioners filing more than 100 returns. Imperfect Fed/State returns will be accepted for Error Reject Codes 0501/0504.

► Realignment

Kansas and Missouri e-filed returns will be processed in Kansas City instead of Austin.

► EIC Residency Certification Test

Effective January 2007, the EIC Residency Certification Test will no longer be performed by the IRS. The EIC Indicator will be removed from the ACK Key Record.

► Publication 1346

Effective October 2006, Publication 1346 paper copies will no longer be available for ordering. The publication will only be available via CD-ROM, on irs.gov or through the Electronic Filing Bulletin Board System.

e-file Reminders

► Taxpayer Self-Select PIN – Prior Year AGI

When taxpayers choose the Self-Select PIN method to sign their return, they must provide their prior year Adjusted Gross Income (AGI) as shown on their originally filed return accepted by IRS. Do not use an amount from an amended return or a math error correction made by IRS.

To minimize AGI mismatch errors, refer to Publication 1346, Part 1 Section 13, which explains unique situations such as change in marital status, negative AGI, and zero AGI amounts.

► Forms 8878 and 8879 Signature Authorizations

Complete Form 8879 for all Practitioner PIN method returns or whenever the ERO enters or generates the taxpayer PIN. Use Form 8878 with Forms 4868 and 2350 extension of time to file applications. See form instructions on when and how to complete authorization forms.

Authorization forms must be completed and signed by the taxpayer before the return or document is transmitted or released for transmission to IRS.

Retain authorization forms for your records – **DO NOT SEND** them to IRS unless requested to do so. See Rev. Proc 97-22 for electronic record-keeping guidance.

► Form 8453, U.S. Individual Income Tax Declaration for an IRS e-file Return

Submission of Form 8453 is required unless an electronic signature (PIN) was used by the taxpayer and accepted by the IRS.

Two submission processing centers will process Tax Year 2006 Forms 8453. Andover will process forms for returns transmitted to Andover and Kansas City. Austin will process forms for returns transmitted to Austin, Fresno and Philadelphia.

e-file